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SUBJECT: APPOINTMENT OF FUJIMORISTA ROILS GOP, HURTS PRIME MINISTER

**¶1.** (SBU) Summary: The short-lived appointment of ex-Fujimori Prime Minister Alberto Pandolfi to a government position has embroiled the APRA Administration in a debilitating scandal. Pandolfi faces criminal charges relating to Vladimiro Montesinos corruption scandals and in 2003 was legally prohibited from holding office for ten years. The Pandolfi affair has raised questions about alleged connections between the APRA Government and ex-President Fujimori's network and appears to have energized a divided opposition. It has also revealed fissures and power plays among the top players within APRA. Prime Minister Jorge del Castillo proved effective in defending Pandolfi's appointment before Congress April 12 as an honest mistake. Most observers expect del Castillo will weather the storm but believe the opposition will redirect its wrath at Housing Minister Hernan Garrido Lecca, who is at the center of an unrelated press manipulation scandal that broke several days ago. End Summary.

#### Naming the Ineligible

**¶2.** (U) The Garcia Administration named ex-Fujimori Prime Minister Alberto Pandolfi to be Director of the Office of Vulnerability Reduction in Case of an El Nino (PREVEN) on April 1, at the recommendation of Vice President Luis Giampietri. According to insiders, Pandolfi was working informally in the position for several months before his appointment was made official. On April 2 press reports broke the story that Congress had voted in 2003 to bar Pandolfi from holding public office for ten years for his alleged involvement in a number of abuse of power and corruption scandals in association with former Fujimori Intelligence Director Vladimiro Montesinos. On April 3, Pandolfi was removed from the position. One contact pointed out that Pandolfi appears in a number of the infamous Montesinos video tapes, which triggered the downfall of the Fujimori government. He still faces at least two criminal court cases.

#### Political Consequences

**¶3.** (SBU) Pandolfi-gate has had a series of immediate consequences. To the administration's harshest critics, it has put a spotlight on what they see as a de facto Garcia administration-Fujimorista alliance, with Vice President Luis Giampietri accused of operating as the go-between. These critics allege that the two groups have sought to sabotage former President Fujimori's extradition from Chile and

generally to impede investigations into human rights abuses in Peru's recent past. Some also believe that the APRA Government, impressed with some of Fujimori's more effective political techniques, sought to learn them by hiring the acknowledged masters. Less cynical observers emphasize Giampietri's lack of political judgement in appointing Pandolfi strictly for his "technical" qualifications while failing to consider the pivotal political dimension and the way it was bound to play out in public.

**¶4.** (SBU) Potentially the most important result of the appointment has been the apparent reuniting (for the time being) of Humala's Nationalist Party (PNP) and the Union Por el Peru (UPP) opposition. The two parties united under the presidential candidacy of Ollanta Humala in 2006, but split soon after the election and have been operating independently and often at odds in Congress since that time. Now, these opposition elements have been re-energized by the Pandolfi Affair. Working parallel, the PNP and the UPP launched the campaign to summon Prime Minister del Castillo to answer written questions ("interpelacion") on the Pandolfi matter. While they are cooperating on this issue, the PNP and UPP remain separate, however.

**¶5.** (SBU) The Pandolfi affair has also revealed rifts and intense political jockeying among the top dogs in the APRA. Unidad Nacional Congressman Martin Perez told Poloff on 4/13 that "the strongest opposition to the Garcia administration comes from APRA representatives in Congress." Perez noted that Congressional President and APRA congresswoman Mercedes Cabanillas appeared to treat del Castillo's "interpelacion" as a foregone conclusion, openly suggesting that congressional representatives keep their difficult questions for later (when Del Castillo would have been compelled by Congress to come instead of now when he had appeared voluntarily). Other observers suggest that many APRA insiders resent the high-profile role in the government of VP Giampietri, a Johnny-come-lately to the party, and are particularly riled when Giampietri's contacts make trouble for the government at a time when President Garcia continues to hold the line on patronage for APRA loyalists.

#### Del Castillo Addresses Congress

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**¶6.** (U) To preempt further damage, Del Castillo agreed voluntarily to appear before Congress and answer any question on the matter. On April 12, he spoke for several hours in a session that featured some raucous exchanges. Del Castillo stated that the decision to hire Pandolfi resulted from a combination of human error and exhaustion. He also cited the opinions of ten jurists who argued that the appointment was neither an administrative nor a criminal act, but rather a political error that was quickly corrected. Del Castillo represented himself ably, while by some accounts both his allies and his critics came off less well. According to news reports, sparks flared when Vice President Giampietri and Accion Popular leader Victor Andres Garcia Belaunde exchanged insults. The contretemps reinforced the impression that Del Castillo represented an island of serenity in a sea of loud and chaotic voices.

#### Housing Minister to the Rescue

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**¶7.** (SBU) Most observers expect del Castillo will weather the storm, in part because the opposition will redirect its wrath at Housing Minister Hernan Garrido Lecca, who suddenly finds himself at the center of an unrelated press manipulation scandal that broke several days ago. On April 9, television journalist Cecilia Valenzuela reported that the Housing Minister had been paying three pro-Fujimori tabloids for favorable news coverage on himself and for attacks against his predecessor in the Toledo government. Calls within Congress to interpellate the Housing Minister are growing, and many see attacking Lecca as politically effective but less politically damaging than an attempt to censure or remove Del Castillo.

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